

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 AGR-05 /052 W

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R 250817Z APR 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4710

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

LIMITED OFFICIAL USE HONG KONG 4524

E.O. 11652: N/A

TAGS: EFIN EIND CH

SUBJ: PEOPLE'S BANK OF CHINA SPURS OUTPUT BY INVESTIGATION

1. THE PEOPLE'S BANK OF CHINA PLAYS A MAJOR ROLE IN SUPERVISING INDUSTRIAL PRODUCTION IN THE PRC, AND IT APPARENTLY HAS BECOME PARTICULARLY ACTIVE SINCE THE THIRD QUARTER OF LAST YEAR.

2. NOT ONLY DID THE NANKING BRANCH PROVIDE LOANS IT ALSO CARRIED OUT "OTHER SERVICE PROJECTS", THUS HELPING ENTERPRISES TO AP FINANCIAL AND MATERIAL RESOURCES WORTH MILLIONS OF RMB--- PERHAPS IN PART BY INSISTING THAT EXCESS RAW MATERIAL INVENTORIES (FOR WHICH SOME FACTORIES HAVE ALREADY BEEN CRITICIZED) BE USED UP. SINCE THE THIRD QUARTER OF LAST YEAR THE BRANCH HAS ORGANIZED AND SENT SCORES OF INVESTIGATION TEAMS TO 100 KEY INDUSTRIAL PLANTS IN NANKING TO "INVESTIGATE AND STUDY, ANALYZING PRODUCTION CONDITIONS AND PROBLEMS". THEIR FINDINGS WERE REPORTED TO HIGHER- ELVEL PRTY COMITTEES AND -- NOT SURPRISINGLY -- IT IS CLAIMED THAT "THIS

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HAS SPURRED PRODUCTION". THE

BANK'S WORKERS AND STAFF ALSO HELP FACTORIES USE STATE FUNDS " RATIONALLY" AND THAT HAS PROMOTED THE MOVEMENT TO INCREASE PRODUCTION AND PRACTICE ECONOMY, SAID THE APRIL 14 BROADCAST.

3. AS ALL THESE ACTIVITIES ARE WELL WITHIN THE BANK'S NORMAL RANGE OF ACTIVITIES, IT IS FAIR TO PRESUME THAT THEY ARE BEING CARRIED OUT NATION-WIDE. BY THEIR TIMING THEY GREW OUT OF INCREASED CONCERN ABOUT PRODUCTION THAT DEVELOPED TOWARD MID-YEAR IN 1974, AND IN MANY INSTANCES THEY WILL PROBABLY BE ECONOMICALLY USEFUL. IN ADDITION, HOWEVER, THE BANK'S INVESTIGATIONS ALMOST UNDOUBTEDLY WILL UNEARTH PLENTY OF INFORMATION THAT COULD BE USED AGAINST MANY FACTORY MANAGERS IN THE CURRENT CAMPAIGN , SHOULD THAT BECOME NECESSARY OR DESIRABLE.
CROSS

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